

AMENDED IN ASSEMBLY AUGUST 2, 2010

AMENDED IN SENATE APRIL 26, 2010

AMENDED IN SENATE APRIL 12, 2010

SENATE BILL

No. 1363

Introduced by Senator Runner

February 19, 2010

An act to add Section 17405.5 to the Financial Code, relating to escrow agents.

LEGISLATIVE COUNSEL'S DIGEST

SB 1363, as amended, Runner. Escrow agents.

Existing law, the Escrow Law, provides for the licensure and regulation of escrow agents by the Commissioner of Corporations. Each person licensed under that law is required to participate as a member of Fidelity Corporation, a nonprofit mutual benefit corporation, established to indemnify its members against loss. Existing law requires a shareholder, officer, director, trustee, manager, or employee of an escrow agent to obtain a Fidelity Corporation Certificate as a condition of employment.

This bill would require an officer, director, trustee, or ~~employee~~ *escrow manager* of a licensee who has access to money or negotiable securities of the licensee, and certain other persons, to complete a course in escrow management conducted by the commissioner, within 12 months following their receipt of a Fidelity Corporation Certificate, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17405.5 is added to the Financial Code,
2 to read:
3 17405.5. (a) The following persons shall complete a course
4 in escrow management conducted by the commissioner within 12
5 months of their receipt of a Fidelity Corporation Certificate:
6 (1) Any officer, director, trustee, or ~~employee~~ *escrow manager*
7 of an escrow agent, whether or not compensated, who has access
8 to money or negotiable securities belonging to the escrow agent
9 in the regular discharge of his or her duties.
10 (2) Any person who may draw checks upon the escrow agent
11 or upon the trust funds of the escrow agent in the regular discharge
12 of his or her duties.
13 (3) *Any other person, as determined by the commissioner.*
14 (b) The commissioner may charge persons required to comply
15 with this section a reasonable fee, as determined by the
16 commissioner, to cover the costs to administer this section.
17 (c) This section shall apply to all licensees that become newly
18 licensed or ~~who~~ *that* undergo a change in ownership on or after
19 January 1, 2011, and to all persons described in subdivision (a)
20 who are hired on or after January 1, 2011, by licensees that were
21 in existence prior to that date.
22 (d) For purposes of this section, a “change in ownership” shall
23 be deemed to have occurred when a licensee is required to file a
24 new application for licensure pursuant to the requirements of
25 Section 17213, and that license application is approved by the
26 commissioner.

O